



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

RELIABILITY & SECURITY

IN THE MATTER OF THE PETITION OF SOUTH)
JERSEY GAS COMPANY FOR AUTHORIZATION TO)
CONSTRUCT A 24-INCH PIPELINE THROUGH)
FRANKLIN TOWNSHIP AND NEWFIELD BOROUGH)
IN GLOUCESTER COUNTY, BUENA BOROUGH AND)
BUENA VISTA TOWNSHIP IN ATLANTIC COUNTY, AND)
THE CITY OF VINELAND IN CUMBERLAND COUNTY,)
NEW JERSEY)

ORDER

DOCKET NO. GO09060467

(SERVICE LIST ATTACHED)

BY THE BOARD:

On June 17, 2009, South Jersey Gas Company ("Petitioner" or "SJG") filed a petition with the Board of Public Utilities ("Board"), pursuant to N.J.A.C. 14:7-1.4, seeking authorization from the Board to construct and operate approximately fourteen and six-tenths (14.6) miles of 24 inch natural gas pipeline with an alignment that runs through Franklin Township and Newfield Borough in Gloucester County, Buena Borough and Buena Vista Township in Atlantic County, and the City of Vineland in Cumberland County, New Jersey (the "Pipeline"). SJG anticipates initiating construction of the Pipeline during the third quarter of 2009 with a completion date of December 2009. The Pipeline will operate at 700 psig, which will be the certified maximum allowable operating pressure ("MAOP"). The cited rule provides that Board approval is required prior to the construction or operation of a natural gas pipeline above 250 psig that is located within 100 feet of any building intended for human occupancy, and also requires that the pipeline must satisfy the requirement of 49 CFR 192. The proposed Pipeline alignment includes 133 buildings intended for human occupancy that currently exist within 100 feet of the proposed Pipeline, including 18 buildings that are within 50 feet.

According to the petition, the Pipeline is necessary to maintain adequate deliverability capacity to serve current customers by ensuring sufficient natural gas flow from SJG's interstate pipeline receipt points, Williams Pipeline Company – Transco and Columbia Gas Transmission Company, in the western part of SJG's service territory, to customers in the eastern and coastal part of its service territory. According to the Company, construction of the Pipeline will also enable SJG to improve existing service and expand to meet growing demand and transmission needs throughout its service territory. As stated in the petition, construction of the Pipeline is needed to ensure that SJG can meet the design day gas supply delivery needs of its customers. Increased transmission capacity provided by the Pipeline will improve SJG's service capacity and help address gas delivery concerns that might materialize under a design day scenario, when increased transmission capacity is needed to move sufficient amounts of natural gas to customers in the eastern and coastal areas of SJG's service territory. SJG maintains that the Pipeline is not subject to the Board's Smart Growth Rules, N.J.A.C. 14:3-8, as the Pipeline is not an extension as defined in those rules. The Project runs between existing transmission lines and is itself a transmission line.

By Board Decision and Order dated April 28, 2009 in Docket Nos. EO09010049 and GO09010061, the construction of the Pipeline was provisionally approved as one of SJG's possible Capital Improvement Recovery Tracker Qualifying Projects, subject to these proceedings.

On August 20, 2009, a public hearing in this matter, with Board Commissioner Nicholas Asselta serving as the presiding officer, was held at Vineland City Hall located at 680 East Wood Street, Vineland, New Jersey 08360. Two staff members of the Board's Bureau of Pipeline Safety ("Bureau Staff") attended the public hearing. Notice of this hearing was mailed to the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), the Division of Law, the Clerks of the affected municipalities, the Clerks of Atlantic, Cumberland and Gloucester County Board of Chosen Freeholders, the Executive of Atlantic County and to all property owners with structures located within at least 100 feet of the proposed Pipeline.

At the public hearing, a presentation on behalf of Petitioner was made by Joseph Schneider, General Manager, Systems Engineering and Planning for SJG. Mr. Schneider, a licensed professional engineer in the State of New Jersey, testified that the Pipeline would be a 24 inch diameter transmission line which would start in the Malaga section of Franklin Township and run through Newfield Borough, Buena Borough, Buena Vista Township and the City of Vineland. He further testified that the Pipeline would operate at a pressure of 700 psig.

Mr. Schneider explained that a significant portion of the proposed Pipeline would be constructed within an existing right-of-way easement that SJG has already acquired. He further explained that another significant portion of the proposed Pipeline will pass through an Atlantic City Electric Company right-of-way which already contains transmission lines of Atlantic City Electric Company. He also testified that another portion of the Pipeline would be within private rights-of-way owned by residential and commercial properties. Mr. Schneider testified that as of August 20, 2009, the company had acquired 81 of 84 easements that it needs for the Pipeline. He also testified that SJG met with the officials of all municipalities through which the Pipeline will run. In addition, SJG has received the environmental permits from the New Jersey Department of Environmental Protection for the wetlands crossings. Mr. Schneider further testified that road opening permits have been approved and received from Atlantic, Cumberland, and Gloucester Counties and from Buena Vista Township. Road opening permits from Franklin Township, Newfield Borough, and the City of Vineland are pending approval.

Mr. Schneider testified that the Pipeline is necessary to service the needs of SJG's customers on the eastern end of its territory and along the shore area extending from Atlantic City to Cape May. He explained that this Pipeline, operating at 700 psig, will allow the Company to move pressure to a point along an existing 20 inch pipeline which currently operates at 350 psig. This 20 inch pipeline is approximately 39 miles away from the source which delivers gas into that pipeline at 350 psig. By the time that gas flows to the easterly portion of the service territory on the 20 inch pipeline, the pressure is reduced to somewhat less than 350 psig. He testified that SJG needs the pressure that the Pipeline will provide to move gas to the shore areas. With the addition of this Pipeline, the company would be able to mitigate this reduction on the 20 inch pipeline. He testified that the construction of this Pipeline will assist SJG in meeting its responsibility to provide gas to all of its customers.

Mr. Schneider further testified that SJG designed its system to meet what is known as the design day requirements of its customers. A design day is essentially the Company's worst case scenario day which for SJG would occur when the average temperature is approximately 32 degrees Fahrenheit. He explained that while the design day scenario does not happen every year, it happens often enough so that SJG makes sure its facilities can handle the load that its customers need on that type of day. He testified that the design day is based upon the historic experience of SJG. He testified that this Pipeline is necessary to deliver pressure to customers on the eastern part of the service territory on a design day, and that if it is not constructed prior to this winter and a design day occurs, there is a potential that SJG will have customer outages, potentially leaving customers without heat in the eastern part of the company's service territory. In addition, Mr. Schneider spoke at length about the design, construction, protection against corrosion and pressure testing of the Pipeline, and stated that in all respects, the Pipeline either will meet or in most instances, exceed all applicable Federal and State requirements.

Eight members of the public spoke at this public hearing to voice their concerns and questions about this Pipeline project. Commenters expressed concerns about the depth of the Pipeline in relation to the use of large farm equipment; the proximity of the Pipeline to residential structures, potential damage to irrigation lines, drainage tiles, power poles, and water mains; the taking of property and State Preserved Farmland status, safety of the Pipeline and property damages that may occur during construction.

SJG and Bureau Staff conducted field visits to properties of the members of the public who spoke at the public hearing to investigate ways to address the concerns stated at the hearing. As stated in a letter dated September 3, 2009, SJG is attempting to address the comments, and has agreed to make adjustments to the proposed Pipeline alignment in an effort to address some of the property owners' concerns. In addition, SJG has stated that it intends to contact each commenter by September 11, 2009 to offer an opportunity to discuss the proposed adjustments.

As stated in its September 3 letter, according to SJG, the minimum depth of the pipeline will be 4 feet of cover from ground surface to top of pipe as required by N.J.A.C. 14:7-1.12(b). This depth is sufficient to allow the pipe to bear the overburden of farm equipment. The Company intends to have its contractor avoid damaging any poles, signs, fences or subsurface structures such as irrigation lines, drainage tiles and water mains. In the event any of these facilities are damaged or need to be cut or moved to facilitate the Pipeline installation, SJG commits that they will be repaired and put back into place in at least as good of condition as previous to the Pipeline construction. Where the Pipeline construction causes crop damage, the company assures payment of compensation to cover lost profits to the appropriate parties.

As further stated in the September 3 letter, SJG commits that the proposed 24-inch gas pipeline will have a polyethylene coating with a butyl rubber adhesive and a cathodic protection system. The cathodic protection system will be monitored and maintained on a scheduled basis to assure its effectiveness. With these protective measures, the Pipeline is expected to last indefinitely.

The company represents that it has made decisions on the Pipeline alignment such that the construction and operation should have the least impact on its surroundings and impact the least number of property owners. SJG stated that various Pipeline alignments were investigated, and decisions were made based on impact, population density, and on right-of-way negotiations with property owners. The decisions regarding the Pipeline alignment also had to take into account construction related factors such as wetland areas and roadway congestion.

SJG has represented that any roadway disturbed by the Pipeline construction will be restored at least to the centerline of the road and in accordance with the specifications required in the approved municipal and county road opening permits. SJG maintains that the road surface will be at least as good, if not better than before the Pipeline construction.

Bureau Staff reviewed Petitioner's proposal including the revisions and commitments contained in the September 3, 2009 letter, and has determined that the Pipeline will provide additional capacity that will enable SJG to improve existing service and expand to meet growing demand and transmission needs throughout its service territory. Based upon its review of the design of this Pipeline, Bureau Staff opined that the Pipeline meets or exceeds State and Federal pipeline safety regulations. SJG will have full time inspectors, qualified by training and experience, overseeing the Pipeline construction to ensure that the Pipeline is constructed and installed in accordance with State and Federal requirements. In addition, Bureau Staff will conduct pipeline safety compliance inspections during the construction of this Pipeline, as well as perform future operating and maintenance inspections on it as part of the Board's ongoing Pipeline Safety Program. SJG will provide the certification and documentation required by N.J.A.C. 14:7-1.19 prior to placing the Pipeline in operation.

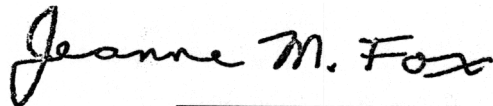
Rate Counsel submitted a letter dated September 2, 2009, stating that it does not object to the granting of the approval requested in the petition.

After consideration of all pertinent materials submitted in this matter and after carefully considering the comments at the public hearing and the Company's response, the Board HEREBY FINDS that Petitioner's request to construct and operate a 24 inch pipeline through Franklin Township and Newfield Borough in Gloucester County, Buena Borough and Buena Vista Township in Atlantic County, and the City of Vineland in Cumberland County, New Jersey is reasonable and is in compliance with all relevant Federal and State requirements. Additionally, based on the materials submitted in this matter, the Board HEREBY FINDS that the Pipeline is not subject to the Smart Growth Rules found at N.J.A.C. 14:3-8 as the Pipeline is not an extension as defined in N.J.A.C. 14:3-8.2. Therefore, pursuant to the provisions of N.J.A.C. 14:7-1.4, the Board HEREBY APPROVES the request of SJG to construct the Pipeline as revised, subject to the approval of pending road opening permits from Franklin Township,

Newfield Borough, and the City of Vineland, land use approval from the City of Vineland for the proposed regulating station near Union Road, all other pending permits, and the pressure testing requirements of N.J.A.C. 14:7-1.19 prior to placing the Pipeline in operation.

DATED: 9/16/09

BOARD OF PUBLIC UTILITIES
BY:



JEANNE M. FOX
PRESIDENT



FREDERICK F. BUTLER
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER

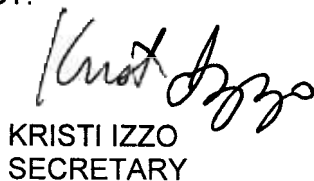


NICHOLAS ASSELTA
COMMISSIONER



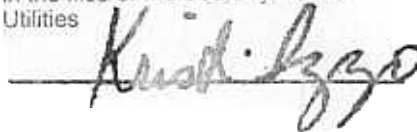
ELIZABETH RANDALL
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY
FOR AUTHORIZATION TO CONSTRUCT A 24 inch PIPELINE THROUGH
FRANKLIN TOWNSHIP AND NEWFIELD BOROUGH IN GLOUCESTER COUNTY,
BUENA BOROUGH AND BUENA VISTA TOWNSHIP IN ATLANTIC COUNTY,
AND THE CITY OF VINELAND IN CUMBERLAND COUNTY, NEW JERSEY**

DOCKET NO. GO09060467

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